

19 October 2006

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Our ref:
SJD3/SJR2/348035.134
Your ref:
MDT.113969

Dear Sirs

**Urgent
Second Letter
Post Office Limited -v- Mr L Castleton**

Thank you for your letter dated 19 October.

It would have been helpful to have received your response to the suggested directions earlier. We have written to you on various occasions and have also tried calling your Mr Turner previously and have left several voice mail messages.

1. Amendments to Statement of Case

Thank you for confirming that you consent to the amendments to the Particulars of Claim and Reply and Defence to Counterclaim.

2. Transfer to Central London County Court

Your comments on venue are noted.

We do not accept any of your assertions in relation to loss. In particular, we question how Mr Castleton can bring a CPR Part 20 claim on the basis that the value of the business has reduced and there is a loss of profit arising from the removal of the Post Office, given that it is common ground that the Post Office has not in fact been removed.

3. Exchange of Witness Evidence

We would prefer exchange of witness evidence to take place by Friday 27 October 2006. We are conscious that the trial period will commence on 4 December 2006.

4. Expert Forensic Accountancy and IT Evidence

It is unclear how Mr Castleton says in fact the losses did not occur and you now admit that Mr Castleton "is unable to say at this point how the system is flawed." You state that Mr Castleton's forensic accounting expert witness "hopes" to be in a position to finalise his report for just week 42 by Friday 3 November. You agree that sequential exchange of expert's reports is desirable so that our experts can then deal with specific allegations, but suggest that the Post Office's experts consider the week 42 evidence, report back on it and then the whole exercise is if necessary repeated for week 43 etc.

Your experts have by now had ample opportunity (several months) to prepare their reports. Indeed, they were due for exchange by 13 October 2006. This litigation cannot continue indefinitely. Our view is either that the Court should not now allow you to adduce any late expert evidence and the December trial should go ahead, but if late evidence is permitted, then:

- (a) You should serve all expert evidence that you intend to rely upon at the same time. There appears to be no reason to focus just on Cash Account week 42 to the exclusion of other weeks,

particularly given that in the signed Cash Account Mr Castleton declared shortage of just 60 pence that week. A focus on one week might give a misleading picture. Your experts reports can then be reviewed in one go, which would be more cost effective than going back and forward with individual weeks. Of course, if you only want to produce and rely on expert evidence for just 1 week, or disclose a report for week 42 on a without prejudice basis, that is up to you.

- (b) Once we see your experts' reports, we will be able to determine whether we wish to put in any expert evidence in response and if we do, our experts will be in a better position to confirm how long this is likely to take. Accordingly, the Post Office should have permission to adduce expert evidence in response, if advised, and there should be a further CMC after service of your experts reports to set a deadline for this and if necessary, to vacate the December trial window. As things currently stand, the existing trial window should remain in place.

5. Disclosure

Your comments are noted, but the continuing delay in your disclosure is unacceptable. Please ensure that the outstanding documents are now disclosed immediately.

6. Trial Fixture

We currently consider that the trial is likely to take 7 to 10 days and would like to keep the current trial fixture. If you are permitted to adduce late expert evidence, there should be a further CMC to set a deadline for our response and if necessary to vacate the trial. At that stage, you will also have seen our witness statements of fact and will be able to give a better indication of which witnesses you will need to call and thus, the trial length.

Please note that our Mr Dilley is away from the office on 20 October and not contactable during that time. We look forward to seeing you at the CMC on 23 October.

Yours faithfully

Bond Pearce LLP